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# STAFF NOTES:

# Developments in Indochina

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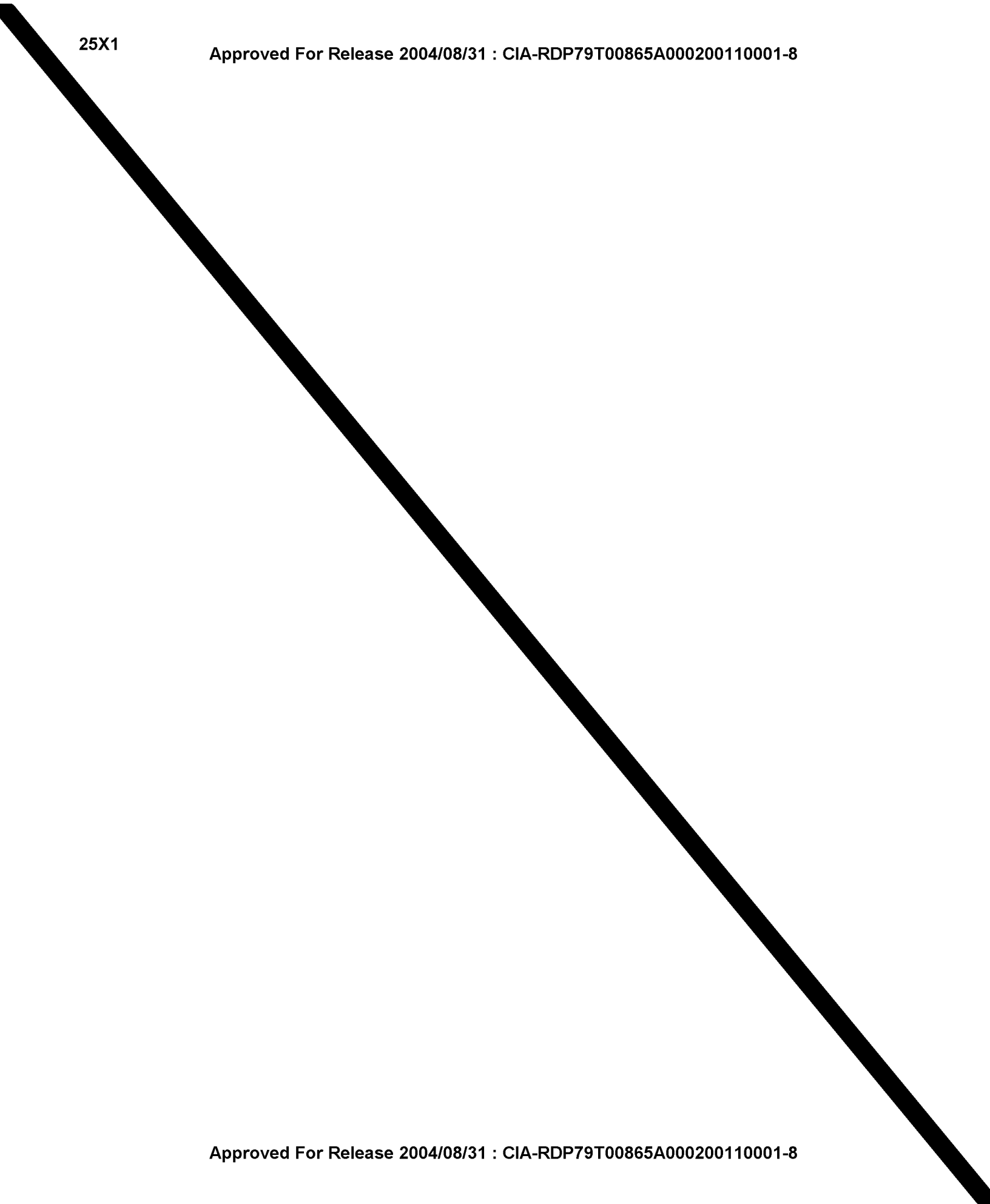

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# DEVELOPMENTS IN INDOCHINA

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SOUTH VIETNAM

## Government Initiatives To Thwart Expected Communist Attacks

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The South Vietnamese have begun a number of widespread military operations to upset the Communists' timetable for offensive operations. Many of these government efforts have been successful; the full effect of others may not be seen for several months.

In the northernmost provinces--despite this season's monsoon rains, which have been heavier than usual--elements of the South Vietnamese 1st Division have driven most of the North Vietnamese 271st Independent Regiment from strategic high-ground positions south of Hue. The Communists took these positions in mid-1974 and have used them to direct artillery and rocket fire at government targets along Route 1 south of Hue, including the city's airfield at Phu Bai. In addition to retaking this territory, the 1st Division is claiming the capture of large amounts of munitions and equipment and is inflicting fairly heavy casualties on the Communists, largely with effective air and artillery strikes.

In Quang Nam Province, the South Vietnamese 3rd Division sent units against a long-established Communist base area in the province on January 19 and is cooperating with territorial forces on a three-day campaign to seize the An Thanh Valley and surrounding key terrain features in the southeastern part of the province. The combined force, the equivalent of two regiments, will try to keep the Communists from using this area as an access corridor for expected attacks against the provincial capital as the rains taper off. The government has also launched a number of smaller operations with local militia forces and police units. Several of these short-term operations have already produced notable results.

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In the central provinces, a government operation against North Vietnamese supply routes and base areas in Binh Dinh Province has disrupted Communist movements and has temporarily neutralized the North Vietnamese 3rd Division. Over in the western highlands, South Vietnamese Rangers are moving north out of Kontum City toward the major Communist supply point at Vo Dinh. South Vietnamese air strikes against Communist convoys heading into Kontum and Pleiku provinces have also been effective.

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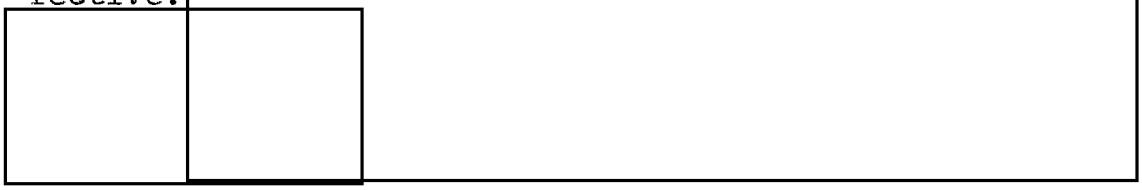

In the provinces close to Saigon, government counterattacks are bearing fruit. Most of the positions threatened near Tay Ninh City have been recovered and strengthened; the top of Nui Ba Den, which was recently seized by the Communists, has been bombarded with heavy air and artillery strikes. To the east in Binh Tuy Province, government forces have broken the siege of one district town and are moving toward another lost to the Communists.

The South Vietnamese are also strengthening positions in Military Region 3, and moving some main-force units around in anticipation of Communist attacks, especially by the Communist 9th Division, which has yet to see battle in the 1974-75 dry-season campaign. The government is trying to minimize the problems involved in resupplying the town of Chon Thanh in Binh Long Province and Tay Ninh City if the Communists cut the major road in this area and try to isolate the city.

In the delta, the major government effort at the moment is in the northern provinces where the 7th Division is trying to force the Communist 5th Division

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back from recent territorial gains. The South Vietnamese were successful in containing the 5th Division in early 1974 and appear confident that they can do so again, blocking any further efforts of the division to move deeper into the delta. The relatively new region commander has also ordered a number of region-wide and local counter-operations against known Communist units, supply routes, and staging areas. Many of these operations, while limited in scope, have been successful and some Communist units are known to have suffered heavy losses.

The South Vietnamese have been very cautious and deliberate in the deployment and utilization of their regular combat units in the opening weeks of the Communist dry-season campaign. Thus far, none have been dealt a severe setback and, on balance, those that have been committed have performed well. The creation of additional reserve units in the northern provinces as well as around Saigon should further strengthen the government's ability to react to fresh Communist assaults against the more vital parts of the country.

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## A New Dilemma for Saigon

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Leaders of South Vietnam's Cao Dai religious sect, concerned about the effects that heavy fighting in Tay Ninh Province may have on their church and congregation, have appealed to the government and Viet Cong to declare the area a neutral zone. Neither side has officially responded to the Cao Dai request, but the development could have a significant impact on future political and military moves by both sides.

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The Cao Dai petition contains three points:

--They would like the South Vietnamese and Viet Cong to meet in the Cao Dai's church headquarters in Tay Ninh City--the Holy See--to negotiate a local truce for Tay Ninh Province.

--Should the two sides agree to a local truce, the Cao Dai would volunteer to arrange similar local cease-fires on a countrywide basis.

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--If the two sides cannot agree to a local truce for Tay Ninh Province, the Cao Dai hope that the two sides would agree to establish a 26-square-mile area around the Holy See as a neutral zone.

In conjunction with these appeals, the Cao Dai also have launched an international appeal to the UN and the signatory states to the cease-fire agreement requesting support for a resumption of negotiations. This appeal also contains a request that, at a minimum, the religious complex of the Cao Dai in Tay Ninh City be declared neutral territory.

Cao Dai leaders have tried to assure South Vietnamese officials that their appeal does not represent a turn to the Communists or a lessening of support for the government. They insist that the move is strictly a humanitarian gesture designed to save lives and protect church property. Nevertheless, the move has placed the government in a difficult position. If Thieu agrees to such a truce, he would forfeit government control over a significant section of territory and large numbers of people. Moreover, it could establish a precedent for similar demands elsewhere in the country and jeopardize the central government's influence over other religious sects and political groups. On the other hand, heavy fighting in Tay Ninh could result in considerable death and destruction and the alienation of a large and important segment of the country's population.

The Viet Cong, however, stand to lose little by agreeing to such a truce. They would enhance their image in the eyes of the Cao Dai and increase their political access to a large number of people. Internationally, they could tout their acceptance of the agreement as a further example of the humanitarian goals of the revolution. And militarily, they would be free to concentrate their forces against other government targets closer to Saigon. 25X1

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NORTH VIETNAM

## Cadre Dissatisfied with Their Economic Lot?

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Since shortly after the 1973 cease-fire, there have been indications that some North Vietnamese party and government cadre were losing their revolutionary enthusiasm and were being more responsive to personal and family problems than to regime directive.

Personal economic problems and difficulties have always existed in the North, but when the country was being bombed and the society mobilized to support the war in the South, the leadership seemed to have little trouble focusing the population's attention on the patriotic task of defeating "imperialist aggression." The lack of such a motivating force now, as well as Hanoi's failure to improve the people's material life, appear to be principal causes of cadre dissatisfaction with present low living standards.

Since September, Hanoi has been harping on the political and economic problems of the Saigon government. This emphasis on the South's economic woes may be motivated in part by the regime's desire to convince its people that their economic difficulties are at least no worse than those of the Southern populace.

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In recent months, the North Vietnanese have acknowledged their failure to eliminate the free market in grain or to stabilize prices for all consumer goods. Agriculture cadre have been accused of fostering the illegal grain sales by withholding rice from state purchasing agents and selling it for higher prices on the free market--a long-standing practie of shrewd peasants.

Recent articles in the media on the status of the economy have not only attacked those who support illegal marketing practices, but have also stressed the need to improve the people's standard of living. For instance, a January 3 editorial on the 1975 state plan in the party daily, *Nhan Dan*, noted that a prime concern of the party and the state is to improve the people's livelihood, "especially manual and office workers, whose standard of living has suffered the most from the war and the economy's low rate of production." Le Thanh Nghi, Hanoi's most important economic planner, also emphasized this point in his recent address to the National Assembly on economic tasks for 1975.

There is little prospect of an early improvement in living standards in North Vietnam, and the regime's campaign to eliminate free market grain sales is likely to be self-defeating. Although cadre fare substantially better than ordinary workers in rice rations and allowances of other consumer goods, the regime's plan to keep grain output confined to the inefficient state distribution system is unlikely to provide production incentives as effective as those of the free market. If the regime gets too tough with its anti-corruption measures, it may run the risk of causing even greater dissatisfaction.

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The Hanoi leadership has repeatedly emphasized the importance of party and government cadre in the planning, management, and implementation of their program to reconstruct and develop the economy. Any widespread malaise among this group would seriously hamper this drive. As long as cadre are preoccupied with their personal economic survival, they can hardly show the kind of motivation and dedication toward developing and building the national economy that the leadership apparently now desires. 25X1

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LAOS

## Pathet Lao Promote Urban Unrest [redacted] 25X1

In recent weeks, the Lao Communists appear to have fashioned a new type of power play that could prove to be one of their most effective tactics in the political struggle that has been waged in Laos since the February 1973 cease-fire. In essence, they seem to be encouraging the outbreak of civil and military unrest in urban areas controlled by the non-Communists in an effort not only to embarrass their coalition partners, but, more importantly, to introduce for the first time an overt Pathet Lao influence into the non-Communist zone.

[redacted] 25X1

The scenario is simple. The Communists, usually working through local leftist agitators, encourage a group of students or workers or [redacted] 25X1

25X1 [redacted] disgruntled non-Communist troops to stage a small demonstration against corruption, foreign economic exploitation, high prices, or some other perfectly genuine grievance. The protest invariably takes on a political cast as well, and demands are made for the coalition government to accept major Pathet Lao

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policy proposals, such as dissolution of the National Assembly and adoption of Lao Communist leader Souphanouvong's 18-point blueprint for the conduct of domestic and foreign policy. Demands are also made for "neutralization" of the city or province in which the demonstration is being staged, thus opening up the area to the kind of legitimate Pathet Lao military and political presence that exists in the "neutralized" capitals of Vientiane and Luang Prabang.

[redacted] 25X1

Non-Communists Frustrated

Senior non-Communist political and military leaders are becoming increasingly frustrated and depressed over their inability to effectively counter such Pathet Lao initiatives in their own backyard. They have despaired of looking to Prime Minister Souvanna Phouma for assistance since, in their view, he has fallen under the influence of his Communist half-brother Souphanouvong and succumbs to nearly any threat from the Pathet Lao in order to avoid jeopardizing the fragile stability of the coalition government.

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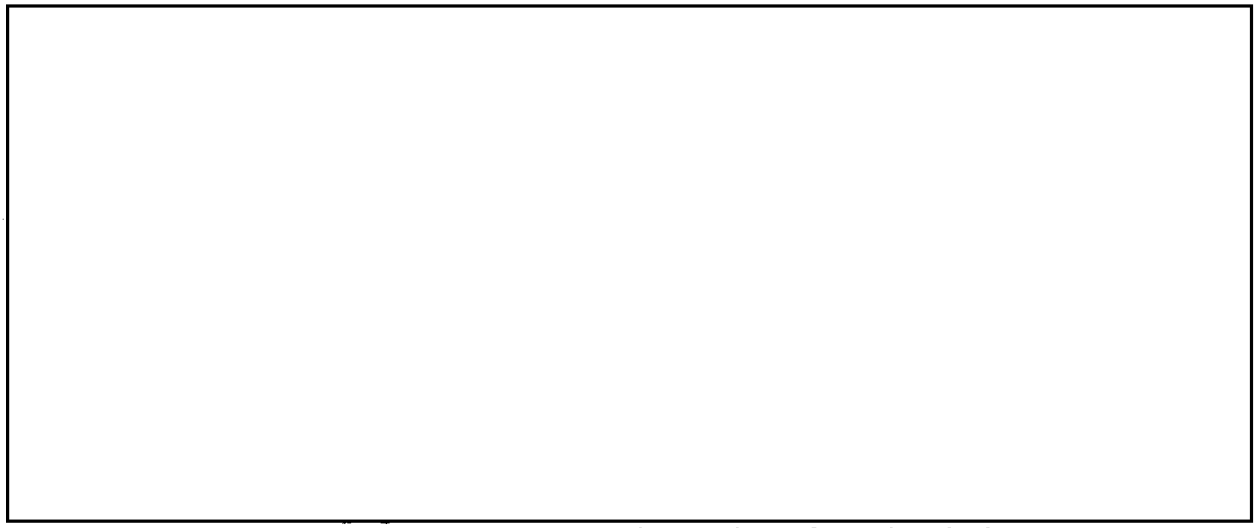

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ultimately, to a confrontation with local villagers that resulted in a number of civilian casualties. The Pathet Lao were able to capitalize on that unfortunate incident by inspiring sympathy demonstrations in Vientiane in support of the Thakhek protesters and against intervention by the Royal Lao army.

Despite the popular backlash generated by their activities at Thakhek, the non-Communists apparently intend to continue to react to civil disturbances in their own zone by militarily occupying the crisis area and isolating demonstration leaders. They are also prepared to organize additional anti-leftist counter-demonstrations patterned after the one they recently promoted in the southern rightist stronghold of Pakse.

These measures, however, are not even remotely aimed at redressing the fundamental cause of popular unrest, which the Pathet Lao finds so easy to exploit: incompetent and venal non-Communist civil and military officials. Responsible non-Communist leaders at the national level recognize the need for a thorough housecleaning in the provinces, but the web of family and

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clan relationships and the traditional Lao-Buddhist reluctance to hurt anyone's feelings have effectively thwarted such desperately needed reforms.

Outlook

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for reaping a propaganda windfall at the expense of the non-Communists, the Pathet Lao have yet to realize any concrete political gains from the unrest, either at the national or the local level. Nevertheless, they give every indication of being prepared to organize and support similar disturbances in other major urban centers controlled by the non-Communists. Indeed, the probability of more activity along the lines of [redacted] heightened by the 25X1
re-election of radical leftist-oriented activists to head the Lao student movement, which has generally been in the vanguard of urban dissidence. [redacted] 25X1

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ANNEX

Security Deteriorating in Some Delta Provinces [redacted] 25X1

An extensive study of the security situation in a number of the delta provinces of Military Region 4 [redacted] 25X1

25X1 [redacted] shows an alarming decrease in the South Vietnamese government's control over territory and population during the past year. Many of the Communist gains appear irreversible, at least for the near term. Some of the losses are the result of the government's policy of abandoning areas not considered strategically important. Many inroads, however, are the direct result of increased Communist military and political pressure.

One of the best examples is Phong Dinh Province, centrally located in the Mekong Delta and of considerable importance to both sides. Its capital, Can Tho City, serves as the headquarters of MR-4 and is the military and political center of the delta. Despite the government's strong military presence and the large number of anti-Communist Hoa Hao Buddhists in the province, Communist gains in territory and population control have increased significantly. Although overall, the government lost control of only nine hamlets during the past 12 months, the Communists have tripled the number of people under their complete control.

The Communists' gains in Phong Dinh Province have also allowed an increase in their control over the rice harvest. They halt traffic at will on several of the major canals and have significantly increased their ability to collect taxes and rice. Two South Vietnamese regiments are assigned to the province to contain Communist main forces, but contact has been negligible in recent months because the Communists are being evasive and because the South Vietnamese are abandoning areas they believe are not worth fighting for.

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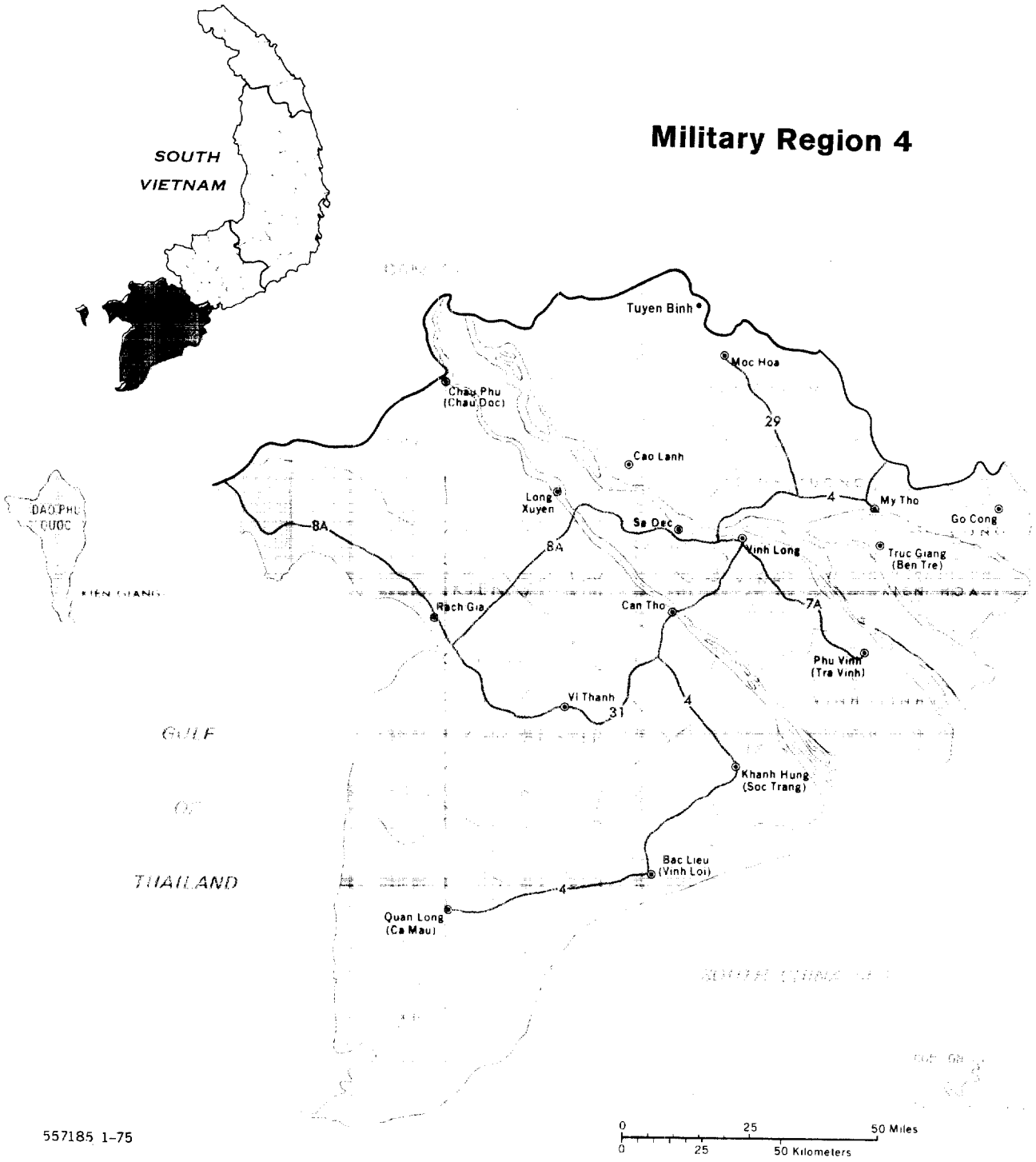




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The most densely populated of the delta's 16 provinces is Dinh Tuong. A major Communist supply base and staging area has long existed in the northwestern corner of this province. In July 1974, the government created a new district in this area known as Tri Thap to improve security and to strengthen control over the civilian population with the establishment of administrative offices. Security in this area remains critical, however, and the government controls only about 35 percent of the district. Throughout most of the province, the Communists are able to cut roads and collect taxes, and government efforts to curb these activities have been ineffective.

In Chuong Thien Province, the Communists are said to control, or strongly contest, most of the rural areas. Chuong Thien was created in 1961 from the most insecure areas of several neighboring provinces and is important to the Communists because of the many infiltration routes that criss-cross it.

25X1 [redacted] 25X1

In the current patchwork of controlled and contested areas, people move quite freely from one area to another for economic or other considerations; in some areas, there are formal accommodations between the two sides to facilitate marketing and travel. The trend in security since last May has been all in the Communists' favor, and there are few counteracting influences at work.

In Ba Xuyen Province, the country's leading rice producer, the Communists have almost doubled the area under their control since early 1974. Government officials now estimate that about 40 percent of the province and 20 percent of the population are under Communist control. This degradation of control

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in Ba Xuyen is due in some degree to the reduction of the number of government outposts. More than half of the 50 outposts abandoned since early 1974 were the direct result of Communist military action.

At present, the government has firm control over most of the district that includes the provincial capital of Soc Trang, the other seven district towns, and the interconnecting highways--including the delta's lifeline, Route 4, which runs the length of the province. The province's territorial forces outnumber Communist forces by about six to one, and it is now unlikely that the Communist local force units could mount a serious threat to the province without outside help.

Communist successes in the rural areas of Ba Xuyen have resulted in large part from the deficiencies of the territorial forces, whose units are understrength and often unenthusiastic in combat. The Communist campaign during the past several months has attempted to exploit these government weaknesses.

In Bac Lieu Province, the government has steadily lost territory and control over the population since last June. All four of the districts in the province have been affected, and there has been a growing trend toward a breakdown of hamlet government in the more remote areas where the Communist pressure is steadiest. At present, only some 55 percent of the province's population is under firm government control and influence. influence.

During 1974, the military initiative in Bac Lieu Province was clearly on the Communist side, with the province's territorial forces understrength and on the defensive. The Communists organized two Viet Cong main force battalions in 1974, and they have been stepping up the level of activity continually. Provincial government forces--strained by prolonged war, inflation, and other problems--are no match. Provincial officials feel the military situation in the province is likely to continue in the Communists' favor in the coming months.

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Although the Communists have increased some of their territorial holdings and gained control over more people in the delta provinces, there are as yet no signs of improved Communist political organization. A military victory over a remote outpost that removes the government presence from an area, or the mere fact that farmers continue to work their fields even if they are not under the firm control of the government, does not automatically ensure Communist control.

The steady erosion of the government's military and political position in the delta over the past year is of extreme concern to Saigon. It does not suggest, however, that the situation is critical or that any delta province is close to being written off. Some of the reduction in military outposts has been part of a region-wide consolidation program.

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Nevertheless, the government's position in some of the delta provinces, as exemplified by these five representative provinces, remains serious. The recent surges in Communist military action that began in early December and the concurrent government counterinitiatives will probably continue for the remainder of the dry season. Barring any unforeseen event, Saigon will continue to control the vast majority of the people, the richer ricelands, and the important roads and waterways throughout much of the southern delta. [redacted] 25X1

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